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**SUBSTITUTE HOUSE BILL 2667**

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**State of Washington                      59th Legislature                      2006 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Springer, Nixon, Hasegawa, Jarrett, Upthegrove, Clibborn and Lovick)

READ FIRST TIME 02/07/06.

1            AN ACT Relating to providing municipal services to annexed areas;  
2 amending RCW 36.75.060, 36.33.220, 36.82.020, 36.82.040, and 36.82.070;  
3 and adding a new section to chapter 36.82 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 36.75.060 and 1969 ex.s. c 182 s 3 are each amended to  
6 read as follows:

7            (1) For the purpose of efficient administration of the county roads  
8 of each county the board may(, but not more than once in each year,)  
9 form their respective counties, or any part thereof, into suitable and  
10 convenient road districts, not exceeding nine in number, and cause a  
11 description thereof to be entered upon their records. Except as  
12 provided in this section, amendments to the boundaries of a road  
13 district may be considered by a board no more frequently than once  
14 every year.

15            (2) Unless the board decides otherwise by majority vote, there  
16 shall be at least one road district in each county commissioner's  
17 district embracing territory outside of cities and towns and territory  
18 inside of cities and towns as provided in chapter 36.82 RCW. A road  
19 district may include territory within cities and towns if an annexing

1 city or town and the applicable county or counties reach agreement on  
2 the transfer of funds as provided in section 6 of this act at least one  
3 hundred twenty days before an annexation election or an ordinance  
4 approving annexation by a city or town, whichever comes first.  
5 Amendments to the boundaries of a road district to include territory  
6 inside of a city or town within a road district may be considered by a  
7 board more frequently than once per year and must have the approval of  
8 any applicable city and town legislative authorities. No road district  
9 shall extend into more than one county commissioner's district. The  
10 authority of a county to include territory inside of a city or town  
11 within a road district expires ten years after the city or town annexes  
12 the subject territory.

13 **Sec. 2.** RCW 36.33.220 and 2001 c 212 s 25 are each amended to read  
14 as follows:

15 (1)(a) The legislative authority of any county may budget, in  
16 accordance with the provisions of chapter 36.40 RCW, and expend any  
17 portion of the county road property tax revenues for:

18 (i) Any service to be provided in the unincorporated area of the  
19 county notwithstanding any other provision of law, including chapter  
20 36.82 RCW and RCW 84.52.050 and 84.52.043; and

21 (ii) The provision of municipal services within an annexation area  
22 or areas as provided under chapter 36.82 RCW.

23 (b) "Annexation area" and "municipal services" have the same  
24 meanings as provided in section 6 of this act.

25 (2)(a) County road property tax revenues that are diverted under  
26 chapter 39.89 RCW may be expended as provided under chapter 39.89 RCW.

27 (b) County road property tax revenues that are diverted under  
28 section 6 of this act shall be expended as provided under chapter 36.82  
29 RCW.

30 **Sec. 3.** RCW 36.82.020 and 1991 c 363 s 87 are each amended to read  
31 as follows:

32 ~~((Any))~~ (1) Except as otherwise provided in this chapter, funds  
33 accruing to and to be deposited in the county road fund ((arising))  
34 from any levy in any road district shall be expended for proper county  
35 road purposes.

1       (2) Funds accruing to and to be deposited in the county road fund  
2 from any levy in an annexation area or areas in any road district may  
3 also be expended for the provision of municipal services within an  
4 annexation area or areas as provided by this chapter and RCW 36.33.220.

5       **Sec. 4.** RCW 36.82.040 and 2001 c 212 s 27 are each amended to read  
6 as follows:

7       (1) For the purpose of raising revenue for establishing, laying  
8 out, constructing, altering, repairing, improving, and maintaining  
9 county roads, bridges, and wharves necessary for vehicle ferriage and  
10 for other proper county purposes, and for the provision of municipal  
11 services as provided by this chapter and RCW 36.33.220, the board shall  
12 annually at the time of making the levy for general purposes make a  
13 uniform tax levy throughout the county, or any road district thereof,  
14 of not to exceed two dollars and twenty-five cents per thousand dollars  
15 of assessed value of the last assessed valuation of the taxable  
16 property in the county, or road district thereof, unless other law of  
17 the state requires a lower maximum levy, in which event such lower  
18 maximum levy shall control.

19       (2) All funds accruing from such levy shall be credited to and  
20 deposited in the county road fund except that revenue diverted under:

21       (a) RCW 36.33.220 shall be placed in a separate and identifiable  
22 account within the county current expense fund (~~and except that~~  
23 revenue diverted under));

24       (b) Chapter 39.89 RCW shall be expended as provided under chapter  
25 39.89 RCW; and

26       (c) Section 6 of this act shall be expended as provided by this  
27 chapter and RCW 36.33.220.

28       (3) The authority of a county to levy funds under this chapter from  
29 incorporated territory within a road district expires ten years after  
30 the city or town annexes the subject territory.

31       **Sec. 5.** RCW 36.82.070 and 2001 c 221 s 3 are each amended to read  
32 as follows:

33       (1) Any money paid to any county road fund may be used for the  
34 construction, alteration, repair, improvement, or maintenance of county  
35 roads and bridges thereon and for wharves necessary for ferriage of  
36 motor vehicle traffic, and for ferries, and for the acquiring,

1 operating, and maintaining of machinery, equipment, quarries, or pits  
2 for the extraction of materials, and for the cost of establishing  
3 county roads, acquiring rights-of-way therefor, and expenses for the  
4 operation of the county engineering office, for the provision of  
5 municipal services as provided by this chapter and RCW 36.33.220, and  
6 for any of the following programs when directly related to county road  
7 purposes: ~~((+1))~~ (a) Insurance; ~~((+2))~~ (b) self-insurance programs;  
8 and ~~((+3))~~ (c) risk management programs; and for any other proper  
9 county road purpose. Such expenditure may be made either independently  
10 or in conjunction with the state or any city, town, or tax district  
11 within the county.

12 (2) County road purposes also include the removal of barriers to  
13 fish passage related to county roads, and include but are not limited  
14 to the following activities associated with the removal of these  
15 barriers: Engineering and technical services; stream bank  
16 stabilization; streambed restoration; the placement of weirs, rock, or  
17 woody debris; planting; and channel modification. County road funds  
18 may be used beyond the county right-of-way for activities clearly  
19 associated with removal of fish passage barriers that are the  
20 responsibility of the county. Activities related to the removal of  
21 barriers to fish passage performed beyond the county right-of-way must  
22 not exceed twenty-five percent of the total cost of activities related  
23 to fish barrier removal on any one project, and the total annual cost  
24 of activities related to the removal of barriers to fish passage  
25 performed beyond the county rights-of-way must not exceed one-half of  
26 one percent of a county's annual road construction budget. The use of  
27 county road funds beyond the county right-of-way for activities  
28 associated with the removal of fish barriers is permissive, and wholly  
29 within the discretion of the county legislative authority. The use of  
30 county road funds beyond the county right-of-way for such activities  
31 does not create or impose a legal duty upon a county for salmon  
32 recovery work beyond the county right-of-way.

33 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.82 RCW  
34 to read as follows:

35 (1) Taxes levied under this chapter for collection from within an  
36 annexation area shall be transferred to an annexing city or town and

1 expended for municipal services within an annexation area if the  
2 legislative authority of the annexing city or town has:

3 (a) Completed the annexation of an annexation area;

4 (b) Determined by resolution or ordinance that the costs of  
5 providing municipal services to the annexation area exceed or are  
6 projected to exceed the general revenue generated for the city or town  
7 from the annexation area on an annual basis; and

8 (c) Entered into an interlocal agreement under chapter 39.34 RCW  
9 with the applicable county or counties specifying the terms by which  
10 levied funds may be transferred to the annexing city or town.

11 (2)(a)(i) The authority of a county to transfer funds under this  
12 section expires ten years after the city or town annexes the subject  
13 territory.

14 (ii) The authority of a city or town to expend funds under this  
15 section expires ten years after the city or town annexes the subject  
16 territory. The period of expenditure may not commence before the date  
17 on which the annexation area is annexed to the city or town.

18 (b) Funds transferred to a city or town under this section for  
19 three years after the adoption of a resolution or ordinance as provided  
20 in subsection (1)(b) of this section may not include taxes levied under  
21 this chapter that are allocated by a county legislative authority to a  
22 county sheriff. However, funds transferred to a city or town under  
23 this section shall include taxes levied under this chapter that are  
24 allocated to a county sheriff that are in excess of four percent of the  
25 revenue from an annexation area.

26 (c) Funds levied under this chapter before the date on which the  
27 annexation area is annexed to the city or town may not be transferred  
28 and expended under this section.

29 (3) Funds expended by a city or town under this section shall be  
30 used solely to provide, maintain, and operate municipal services for  
31 the annexation area. Funds expended under this section may not be used  
32 in an annexation area other than that from which the funds were levied.

33 (4) The following definitions apply throughout this chapter unless  
34 the context clearly requires otherwise:

35 (a) "Annexation area" means an area that has been annexed to a city  
36 or town.

37 (b) "Municipal services" means those services customarily provided  
38 to the public by a city or town government.

1        NEW SECTION.   **Sec. 7.**  If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

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